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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67647; File No. SR-NSX-2012-12)

August 14, 2012

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Text of NSX Rule 11.15 to Clarify the Manner in which Certain Orders are Routed by the Exchange to Other Market Centers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 9, 2012, National Stock Exchange, Inc. (“NSX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

National Stock Exchange, Inc. (“NSX[®]” or “Exchange”) is proposing to modify the text of NSX Rule 11.15 to clarify the manner in which certain orders are routed by the Exchange to other market centers.

The text of the proposed rule change is available on the Exchange’s Website at <http://www.nsx.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange currently uses routing logic to direct certain incoming orders to other trading centers for execution in accordance with Rule 11.15(a)(ii) (“Routing to Away Trading Centers” for “Orders Other than Sweep Orders”). The Exchange is proposing to amend Rule 11.15(a)(ii) in order to provide that (i) the Exchange may route incoming orders to alternative trading systems, (ii) routed orders may not receive an execution and (iii) limit orders routed pursuant to Rule 11.15(a)(ii) will be routed with a time in force of immediate or cancel (“IOC”).

NSX Rule 11.15(a)(ii) currently provides in clause (B) that, unless the terms of an order direct otherwise, the Exchange will route incoming orders (other than Sweep Orders³) to “the applicable trading center for execution against the applicable protected quotation at the Protected NBBO.” A Protected NBBO is defined under NSX Rule 1.5(P)(2) as “the national best bid or offer that is a protected quotation.” The Exchange proposes to amend the language in Rule 11.15(a)(ii)(A) and (B) to explicitly provide that incoming orders may be routed to any “Trading Center” which is defined by the Exchange under NSX Rule 2.11(a) to include alternative trading systems.⁴

³ A Sweep Order is defined in NSX Rule 11.11(c)(7).

⁴ See NSX Rule 2.11(a) which defines a “Trading Center” as “other securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks or other brokers or dealers.”

The Exchange further proposes to clarify that the Exchange’s Routing Logic determines the venue or venues to which an order may be routed. “Routing Logic” will be defined under Rule 1.5(R)(2) as “the methodology used to determine the Trading Center to which an incoming order will be directed for potential execution.” The Exchange is also proposing to add subsection (C) to NSX Rule 11.15(a)(ii) which will clarify that the Exchange may alter the Routing Logic without notice.⁵

The Exchange also proposes to amend 11.15(a)(ii)(A) and (B) by modifying the phrase “for execution” to “for potential execution” in order to clarify the fact that a routed order may not necessarily receive an execution at the away Trading Center.

Finally, the references to converted and routed “limit orders” in Rule 11.15(a)(ii)(A) and (B) are proposed to be modified as “limit IOC Orders” in order to clarify that such orders are routed with a time in force of immediate-or-cancel.

The proposed amendments benefit Equity Trading Permit (“ETP”) Holders by providing them with additional information regarding the Exchange’s order routing process.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6 of the Act⁶, and the rules and regulations thereunder and, in particular, the requirements of Section 6(b) of the Act⁷. Specifically, the Exchange believes the modification of Rule 11.15 furthers the objective of Section 6(b)(5) of the Act because it clearly explains the potential venues to which

⁵ The Exchange currently offers a single routing option through its subsidiary broker-dealer, NSX Securities LLC (“NSXS”), which entity may engage one or more third-party routing broker-dealers to route orders, at the direction of the Exchange, to away Trading Centers.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b).

the Exchange may route orders. The proposed amendments clarify how the Exchange routes incoming orders other than Sweep Orders. Accordingly, the Exchange believes that the proposed rule change promotes just and equitable principles of trade, will remove impediments to, and perfect the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest.

The proposed rule change provides transparency and certainty with respect to how orders are routed by the Exchange. In so doing, the proposed rule change promotes the maintenance of a fair and orderly market, the protection of investors and the protection of the public interest, consistent with the Act and the rules promulgated thereunder.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).

investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because such waiver will allow the Exchange to route certain orders to additional Trading Centers that may execute such orders faster and at the best price available. In addition, the proposed rule change will provide clarity regarding the manner in which the Exchange routes certain orders and should eliminate potential confusion in NSX Rules. Therefore, the Commission designates the proposal as operative upon filing with the Commission.¹³

At any time within sixty (60) days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NSX-2012-12 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NSX-2012-12. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NSX-2012-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Jill M. Peterson
Assistant Secretary

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¹⁴ 17 CFR 200.30-3(a)(12).